



# NEWS

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## **Floridians Paying Less in State and Local Taxes** ***Floridians' and most Americans' tax burdens have declined*** ***over the past five years***

**TALLAHASSEE** — Floridians are paying less in state and local taxes as a percentage of personal income than they were five years ago, and that burden is currently the 8<sup>th</sup> lowest in the nation. But Florida's top gasoline tax rate remains the highest in the nation. These are some of the key findings in the new edition of the Florida TaxWatch guide ***How Florida Compares***.

The recession hit states' revenue hard and with many avoiding tax increases, tax burdens have been falling across the United States. The portion of Floridians' personal income spent on state and local taxes was 9.2% in 2002, down from 9.5% in 1998. Nationally, the percentage fell from 10.5% to 10.3%.

While Florida does not have a personal income tax, it relies heavily on transaction taxes, and Florida's sales tax burden is 6<sup>th</sup> highest in the country. Also some counties in Florida have the highest combined state and local gas tax rate in the nation.

Although the per capita combined state and local tax burden actually increased \$6 in fiscal year 2002, reaching \$2,600 per Floridian, its per capita tax ranking still fell one spot to 37<sup>th</sup>. This highlights the revenue problems experienced by other states.

"Florida fared better than most states during the last recession," said Dominic M. Calabro, Florida TaxWatch President. "While 31 states saw their revenue collections decline, Florida's collections had the eighth biggest growth in the nation from 2001 to 2003," said Calabro. "Our state's economy and tax structure have allowed Florida to weather the storm without raising taxes."

**State Taxes.** Floridians' per capita state tax ranking now stands at 44<sup>th</sup>, up one spot from the previous year but down three from five years ago. As a percent of personal income (5.2%), Florida ranks 45<sup>th</sup> in state taxes, the same spot it has held for three years.

**Local Taxes.** The guide shows Florida still has a higher reliance on local governments than many states, so the local tax burden is relatively greater than our state burden. Floridians' per capita local tax ranking fell four spots in 2002 to 22<sup>nd</sup>, although the per capita burden rose \$45. It appears that states are relying on local governments to raise additional revenue.

**What's Next?**

The Florida Legislature has been holding the line on taxes and has even cut taxes in recent years. Still, the state currently forecasts that state general revenue, which is fueled mostly by the sales tax, will grow 14.6% from 2002 to 2005. Again, our economy and tax structure has allowed Florida to weather the storm without raising taxes. Other states have not been able to do the same. Certainly, Florida will continue to be a relatively low tax state for the near future.

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**MEDIA AVAILABILITY:** Dominic Calabro and Florida TaxWatch Senior Research Analyst Kurt Wenner, author of *How Florida Compares* will be available after 12 noon today to answer questions. Please contact Harvey Bennett at the number above to arrange an interview. [Click here to read "How Florida Compares"](#) (Note: The web version of the report is low resolution. Reducing the document size once it's up on your screen will help.)